GOVERNMENT OF INDIA
DEFENCE
LOK SABHA

STARRED QUESTION NO:160
ANSWERED ON:01.08.2001
MIDDLEMEN IN DEFENCE DEALS
SUDARSANA E.M. NATCHIAPPAN

Will the Minister of DEFENCE be pleased to state:

(a) whether the Government have formulated any policy to ensure the non-involvement of middlemen in the Defence deals; and

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

Answer

MINISTER OF DEFENCE (SHRI JASWANT SINGH)

(a) to (c): Existing Government instructions issued on 17th April, 1989, debar the involvement of agents in the purchase of 'weapons' or 'weapon systems'. In addition, contracts concluded by the Ministry of Defence stipulate non- involvement of agents and specify that in case agents are found to be involved in the contract at a later date, the contract will be liable for termination and the vendor will have to refund payments made under the contract with interest. Such a company would be debarred from participating in a Government contract for a minimum period of 5 years. The amount paid as commission to the agent will also have to be refunded.